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10/636,127	08/07/2003	Stanley J. Feldman	BIZOWN P01AUSP1	1571
20210 7590 05/01/2008 DAVIS BUJOLD & Daniels, P.L.L.C. 112 PLEASANT STREET CONCORD, NH 03301				
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HAMMOND III, THOMAS M				
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/636,127

**Applicant(s)**

FELDMAN, STANLEY J.

**Examiner**

THOMAS M. HAMMOND III

**Art Unit**

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 07 August 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☒ Claim(s) 11 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-946)
- 3) ☐ Information Disclosure Statement(s) (PTO/SE/US)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## DETAILED ACTION

### *Status of Claims*

1. This action is in reply to the application filed on 08/07/2003.
2. Claims 1-20 are currently pending and have been examined.

### ***Claim Objections***

3. Claim 11 is objected to because of the following informalities. Appropriate corrections are required.

4. With regard to claim 11, the Applicant recites the acronyms, "CEO" and "MSA". When using acronyms, it is necessary to recite the expanded representation of the acronym prior to using it, in order to properly and clearly define the scope of such terms. Appropriate action is required.

### ***Claim Rejections - 35 USC § 101***

5. 35 U.S.C. 101 reads as follows:

*Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.*

6. Claims 1-11 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 1-11, as recited, are directed toward a valuation system. However, the limitations corresponding to such claims do not physically define the components of the system and are therefore interpreted as computer code, per se. Under the current guidelines of 35 U.S.C. 101, computer code, per se is not eligible for patent protection.

### ***Claim Rejections - 35 USC § 112***

7. The following is a quotation of the second paragraph of 35 U.S.C. 112:

*The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.*

8. Claims 4, 11-12, 15 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

#### **As per claims 4, 15**

The above claims recite the negative limitation, "...value that is independent of a method...". This limitation, as recited negatively, does not clearly define the scope of the claim and therefore renders it indefinite. For the purposes of examination, the claim will be read as a method for determining an enterprise tax shield value.

#### **As per claim 11**

The above claim recites the limitations, "the most detailed level" and "is most closely economically tied". These phrases are arbitrary opinions and therefore render the scope of the claim unascertainable. For the purposes of examination, the claim will be interpreted as "a detailed level" and "economically tied".

#### **As per claim 12**

The above claim recites the limitation, "the most detailed level". This phrase, as described above, is an arbitrary opinion and therefore renders the scope of the claim unascertainable. For the purposes of examination, the claim will be interpreted as "a detailed level". In addition, the claim recites the limitation,

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"...consistent with maintaining...". The scope of this limitation is again arbitrary and unascertainable, and will be interpreted in its broadest reasonable light.

### ***Claim Rejections - 35 USC § 102***

9. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

*(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.*

10. Claims 1-3, 5-6, 8 are rejected under 35 U.S.C. 102(e) as being anticipated by *Eder, US Patent No. 6,393,406 B1*.

#### **As per claim 1**

##### ***Eder teaches:***

- A user interface through which the user is asked to put in selected federal tax return information and to answer a set of standard questions (see at least column 16, lines 13-50)
- An input data parser for extracting data representing the enterprise from standard federal tax return information and standard questions answered by the user, all of which data is input through the user interface (see at least column 18, lines 17-45)
- A plurality of models representing financial aspects of enterprises and including data and processes for generating financial values representing the financial aspects of the enterprise from the extracted input data and from the financial values generated by the models (see at least column 17, lines 21-40)
- A valuation engine for providing the extracted input data and the financial values to the models, receiving the financial values from the models and directing operations of the models (see at least Figure 1 and associated text)



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- A report generator for receiving the financial values from the valuation engine and generating from the financial values at least one valuation output representing a value of the enterprise (see at least column 35, lines 1-10)

**As per claim 2-3, 5-6, 8**

***Eder teaches the system of claim 1, as described above.***

***Eder further teaches:***

- An enterprise officer compensation model for determining an enterprise officer's compensation expense of the enterprise (see at least column 14, lines 10-30)
- An owner discretionary expense adjustment model for determining the actual expenses of the enterprise (see at least column 17, lines 3-20)
- An operating/non-operating income model for separately determining operating and non-operating incomes of the enterprise (see at least column 9, lines 48-62)
- One or more operating profit models for determining present and expected operating profits of the enterprise (see at least column 9, lines 1-25)
- Growth and cash flow models for determining an expected growth in operating profits of the enterprise (see at least column 9, lines 1-25)
- Cost of capital models, long and short-term debt models, and systemic and enterprise credit risk models for determining an average cost of capital for the enterprise (see at least column 21, lines 37-48)

### ***Claim Rejection - 35 USC § 103***

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

*(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.*

12. Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder*, US Patent No. 6,393,406 B1.

#### **As per claim 7**

***Eder teaches the system of claim 1, as described above.***

#### ***Eder further teaches:***

- Cash flow models for determining enterprise cash flow (see at least column 1, lines 39-62)

#### ***Eder does not teach:***

- Over a competitive advantage period

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to explicitly designate a time period for evaluation for it is arbitrary to designate it as such. One would have been motivated to do so in order to better evaluate the performance of company management (see at least Eder column 1, lines 24-29).*

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13. Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder*, *US Patent No. 6,393,406 B1*, in view of, *Dwayne Wrightsman, "Tax Shield Valuation and the Capital Structure Decision", The Journal of Finance, Vol. 33, No. 2, May 1978, pp. 650-656.*

**As per claim 4**

***Eder teaches the system of claim 3, as described above.***

***Eder does not teach:***

- A tax shield model for determining an enterprise tax shield value that is independent of a method by which the enterprise assets are financed

***Wrightsmen teaches:***

- A tax shield model for determining an enterprise tax shield value that is independent of a method by which the enterprise assets are financed (see at least page 654-655, Figures 1, 2 and associated text)

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to include the teachings of Wrightsman. One would have been motivated to do so in order to better evaluate the performance of company management (see at least Eder column 1, lines 24-29).*

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14. Claims 9, 12, 14, 16-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder, US Patent No. 6,393,406 B1*, in view of, *Mergerstat Bookstore and Publications, [www.mergerstat1.com/bookstore/index.html](http://www.mergerstat1.com/bookstore/index.html)*, 06/10/2001 verified by [www.archive.org](http://www.archive.org).

**As per claim 9**

***Eder teaches the system of claim 3, as described above.***

***Eder does not teach:***

- One or more models for generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise

***Mergerstat teaches:***

- One or more models for generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise (see at least page 3, "Control Premium Study")

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to include the teachings of Mergerstat. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

**As per claim 12**

***Eder teaches:***

- Extracting data representing the enterprise from standard federal tax return information and a set of standard questions, all as input via the user interface (see at least column 18, lines 17-45)

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- Generating financial values representing the financial aspects of the enterprise from the extracted input data and from the financial values generated by the models (see at least column 18, lines 17-45)
- Determining an enterprise officer's compensation as an expense of the enterprise (see at least column 14, lines 10-30)
- Determining the discretionary expense levels consistent with maintaining the on-going operation of the business (see at least column 17, lines 3-20)
- Determining an enterprise's revenue and profit growth in order to determine the enterprise's growth trajectory (see at least column 26, lines 5-37)
- Determining present and expected values of the enterprise as functions of present and expected profits and costs of the enterprise (see at least column 26, lines 38-67)
- Generating from the financial values at least one valuation output representing a value of the enterprise (see at least column 35, lines 1-10)

***Eder does not teach:***

- Determining at the most detailed level available which industry the enterprise operates in, determining an enterprise officer's compensation as an expense of the enterprise
- Generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise

***Mergerstat teaches:***

- Determining at the most detailed level available which industry the enterprise operates in, determining an enterprise officer's compensation as an expense of the enterprise (see at least page 3, "Control Premium Study")
- Generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise (see at least page 3, "Control Premium Study")

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to include the teachings of Mergerstat. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

**As per claim 14**

***Eder, in view of Mergerstat, teaches the method of claim 12, as described above.***

***Eder further teaches:***

- Determining operating and non-operating incomes of the enterprise as separate values (see at least column 9, lines 48-62)

**As per claims 16-20**

***Eder, in view of Mergerstat, teaches the method of claim 12, as described above.***

***Eder further teaches:***

- Determining present and expected operating profits of the enterprise (see at least column 9, lines 1-25)
- Determining an expected growth in operating profits of the enterprise (see at least column 26, lines 5-37)
- Determining enterprise cash flow over a competitive advantage period (see at least column 9, lines 1-25)
- Determining an average cost of capital for the enterprise over a period of competitive advantage (see at least column 21, lines 1-61)
- Presenting questions pertaining to the enterprise to a user through the user interface and extracting information from responses to the questions (see at least column 6, lines 34-60)

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15. Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder*, US Patent No. 6,393,406 B1, in view of, *Social Science Research Network (SSRN)*, Abstract of "The Private Company Discount" by Atulya Sarin & John Koeplin & Alan Shapiro, *Journal of Applied Corporate Finance*, Vol. 12, No. 4, Winter 2000.

**As per claim 10**

***Eder teaches the system of claim 1, as described above.***

***Eder does not teach:***

- A liquidity discount model for generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising from the enterprise being a privately owned enterprise

***SSRN teaches:***

- A liquidity discount model for generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising from the enterprise being a privately owned enterprise (see at least page 1, Abstract)

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to include the teachings of SSRN. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

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16. Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Eder, US Patent No. 6,393,406 B1, in view of, Mergerstat Bookstore and Publications, [www.mergerstat1.com/bookstore/index.html](http://www.mergerstat1.com/bookstore/index.html), 06/10/2001 verified by [www.archive.org](http://www.archive.org), in further view of, US Department of Commerce (DOC), Economics and Statistics Administration Bureau of the Census, June 30, 1999, in further view of, Social Science Research Network (SSRN), Abstract of "The Private Company Discount" by Atulya Sarin & John Koeplin & Alan Shapiro, Journal of Applied Corporate Finance, Vol. 12, No. 4, Winter 2000.

**As per claim 11****Eder teaches:**

- A user interface through which the user is asked to put in selected federal tax return information and to answer a set of standard questions (see at least column 16, lines 13-50)
- An input data parser for extracting financial data representing the enterprise from standard federal tax return information (see at least column 18, lines 17-45)
- A plurality of models representing financial aspects of enterprises and including data and processes for generating financial values representing the financial aspects of the enterprise from the extracted input data and from the financial values generated by the models (see at least column 17, lines 21-40)
- A CEO Compensation Model for determining an enterprise officer's compensation as an expense of the enterprise (see at least column 14, lines 10-30)
- An Owner Discretionary Expense Adjustment Model for determining the discretionary expense levels consistent with maintaining the on-going operation of the business (see at least column 17, lines 3-20)
- A Firm Growth Trajectory Model for determining an enterprise's revenue and profit growth in order to determine the enterprise's growth trajectory (see at least column 9, lines 1-62)
- Value models for determining present and expected values of the enterprise as functions of present and expected profits and costs of the enterprise (see at least column 1, lines 39-62)



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- A valuation engine for providing the extracted input data and the financial values to the models, receiving the financial values from the models and directing operations of the models (see at least Figure 1 and associated text)
- A report generator for receiving the financial values from the valuation engine and generating from the financial values at least one valuation output representing a value of the enterprise (see at least column 35, lines 1-10)

***Eder does not teach:***

- A Firm to Industry Identification Model for determining, at the most detailed level available, which industry and enterprise operates in
- A Firm Gravity Model for determining the appropriate MSA for the enterprise to determine the geographic area to which the enterprise is most closely economically tied
- A control premium model for generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise
- A liquidity discount model for generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising from the enterprise being a privately owned enterprise

***SSRN teaches:***

- A liquidity discount model for generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising from the enterprise being a privately owned enterprise (see at least page 1, Abstract)

***Mergerstat teaches:***

- A Firm to Industry Identification Model for determining, at the most detailed level available, which industry and enterprise operates in (see at least page 3, "Control Premium Study")
- A control premium model for generating a control premium value wherein a control premium value represents an increase over a market value of a minority interest in the enterprise represented by ownership of the enterprise (see at least page 3, "Control Premium Study")

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**DOC teaches:**

- A Firm Gravity Model for determining the appropriate MSA for the enterprise to determine the geographic area to which the enterprise is most closely economically tied (see all pages as examples; wherein the enterprise's zip code can be mapped to the appropriate MSA as shown by county lines)

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder to include the teachings of SSRN, Mergerstat, and DOC. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

17. Claim 13 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder*, US Patent No. 6,393,406 B1, in view of, *Mergerstat Bookstore and Publications*, [www.mergerstat1.com/bookstore/index.html](http://www.mergerstat1.com/bookstore/index.html), 06/10/2001 verified by [www.archive.org](http://www.archive.org), in further view of, *Social Science Research Network (SSRN)*, Abstract of "The Private Company Discount" by Atulya Sarin & John Koeplin & Alan Shapiro, *Journal of Applied Corporate Finance*, Vol. 12, No. 4, Winter 2000.

**As per claim 13**

*Eder, in view of Mergerstat, teaches the method of claim 12, as described above.*

**Eder does not teach:**

- Generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising from the enterprise being a privately owned enterprise

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**SSRN teaches:**

- Generating a liquidity discount value representing a decrease in an ownership value of the enterprise due to an increased risk in selling the enterprise arising if the enterprise being valued is a privately owned enterprise (see at least page 1, Abstract)

*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder, in view of Mergerstat, to include the teachings of SSRN. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

18. Claim 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Eder*, US Patent No. 6,393,406 B1, in view of, *Mergerstat Bookstore and Publications*, [www.mergerstat1.com/bookstore/index.html](http://www.mergerstat1.com/bookstore/index.html), 06/10/2001 verified by [www.archive.org](http://www.archive.org), in further view of, Dwayne Wrightsman, "Tax Shield Valuation and the Capital Structure Decision", *The Journal of Finance*, Vol. 33, No. 2, May 1978, pp. 650-656.

**As per claim 15**

***Eder, in view of Mergerstat, teaches the method of claim 12, as described above.***

***Eder does not teach:***

- Determining an enterprise tax shield value that is independent of a method by which the enterprise assets are financed

***Wrightsman teaches:***

- Determining an enterprise tax shield value that is independent of a method by which the enterprise assets are financed (see at least page 654-655, Figures 1, 2 and associated text)

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*However, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Eder, in view of Mergerstat, to include the teachings of Wrightsman. One would have been motivated to do so in order to better evaluate the performance of company management and determine the relative contribution of different elements in setting a total valuation of a business (see at least Eder column 1, lines 8-11, 24-29).*

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### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to THOMAS M. HAMMOND III whose telephone number is (571)270-1829. The examiner can normally be reached on Monday-Thursday, 7:00AM - 5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on 571-272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Thomas M Hammond III

Patent Examiner, Art Unit 3691

US Patent & Trademark Office

04/21/2008

/Hani M. Kazimi/

Primary Examiner, Art Unit 3691